Obesity Surgery Is Called Cost-Effective

By RHONDA L. RUNDLE
The Wall Street Journal
September 8, 2008

The cost of the most common type of weight-loss surgery, which typically runs between $17,000 and $26,000, is offset within two to four years by medical cost savings, according to a new study.

The findings, published in the September issue of the American Journal of Managed Care, may increase pressure on health-insurance companies to cover gastric bypass surgery. Some insurance plans specifically exclude weight-loss surgery, despite medical evidence of its effectiveness as a treatment not just for obesity, but also for related conditions including diabetes, high blood pressure and sleep apnea.

"The most cost-effective treatment for obesity is bariatric surgery. If you do that, within two to four years, you will get your money back," said the study's lead author, Pierre-Yves Crémieux, a health economist and principal at Analysis Group Inc., an economic consulting firm in Boston. "We have identified the break-even point for insurers," he added.

Some policy makers and analysts are likely to question the findings because the study was paid for by Johnson & Johnson's Ethicon Endo-Surgery unit, a maker of surgical devices and instruments used in weight-loss surgery. Dr. Crémieux said he stands by the study's integrity and added that the company "has been totally hands off."

The findings will interest employers and insurance companies, but the main concern has always been the safety and effectiveness of the surgery, said Susan Pisano, a spokeswoman for America's Health Insurance Plans, a trade group in Washington. "I don't know if these results would be replicated in other populations," she added.

The journal's co-editor in chief, Michael E. Chernew, said the study addresses an "important and controversial" issue for his readers, including medical directors of insurance companies who make coverage decisions. He said the study was carefully scrutinized by independent reviewers who requested a series of manuscript revisions. "I won't deny that I would rather this be funded by some other organization, but there is no bias in the methodology," he asserted.

Each of 3,651 severely obese patients in a large claims database who underwent surgery was matched to a control subject who didn't have the surgery. The patients were matched for age, gender, geography, health status and baseline costs. The patients were predominantly female with an average age of 44 years. More than one-third of the patients had hypertension and many had high cholesterol, diabetes and other conditions.

The analysis covered six months of presurgical evaluation and care, the surgery itself and, on average, about 18 months of postsurgical care, including costs incurred from
surgical complications. Some patients' postsurgical claims were tracked for up to five years. Costs included payments for prescription drugs, physician visits and hospital services. Claims were monitored for obese patients who didn't have surgery over the same period.

The study showed that insurers fully recovered the costs of laparoscopic surgery after 25 months. Laparoscopic surgery is a less-invasive version of gastric bypass with an average cost of $17,000. Between 2003 and 2005, the break-even point was reached in 49 months for traditional bariatric surgery, which carries an average cost of $26,000. The study didn't address gastric banding, a rival procedure.

Health economist Eric A. Finkelstein sounded a skeptical note. If the control group had "one really bad outcome, such as a heart transplant, that alone could be enough" to significantly change the results, he said in an interview. Several years ago, Dr. Finkelstein published a similar study using a different methodology, which suggested a 10-year return on investment on weight-loss surgery.

Dr. Finkelstein said that over time he has come to believe that the "return-on-investment" analysis of weight-loss surgery is "misguided." This economic metric isn't used to evaluate the cost-effectiveness of treatments for cancer or heart disease.

Write to Rhonda L. Rundle at rhonda.rundle@wsj.com